

FISCAL NOTE

HB 4130 - SB 4099

February 18, 2008

SUMMARY OF BILL: Creates the Tennessee Rural Health Act of 2008, a loan-forgiveness program for Tennessee students studying to become physicians, osteopathic physicians, physician assistants, or nurse practitioners. Creates the Tennessee Rural Health Scholarship Fund for the purpose of receiving a one-time transfer, to occur on July 1, 2008, equal to \$25,000,000 from the Lottery for Education Account, and for funding Tennessee Rural Health loan-scholarships. Requires students to become licensed and work in a health resource shortage area in Tennessee for specified periods of time following graduation to be eligible for the loan-forgiveness provision of the act. Such loan-scholarships shall be equal to the amounts of in-state tuition and fees for the programs in which eligible students are enrolled. Such loan-scholarships are to be first awarded for the 2009-2010 academic year. Requires the Tennessee Student Assistance Corporation (TSAC) to administer the program.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant

Other Fiscal Impact – Transfers \$25,000,000 from the Lottery for Education Account to the Tennessee Rural Health Scholarship Fund, for the purpose of funding the Tennessee Rural Health Act of 2008. This transfer will reduce the amount of funding available for eligible recipients of traditional HOPE scholarships and grants. No increase of expenditures from the Tennessee Rural Health Scholarship Fund in FY08-09. Increases the expenditure of funds in the Tennessee Rural Health Scholarship Fund by \$9,046,400 in FY09-10 and by \$16,464,500 in FY10-11.

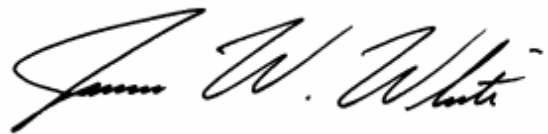
Assumptions:

- According to TSAC, there will be approximately 353 doctors of medicine students, 160 doctors of osteopathic medicine students, 25 physician assistant graduate students, and 1,024 nursing graduate students in the program during the first year (FY09-10).

- TSAC estimates annual tuition and fees to be \$19,400 for medical doctor students, \$30,100 for osteopathic doctor students, \$18,800 for physician assistant graduate students and \$8,494 for nursing graduate students.
- TSAC estimates thirty percent of medical doctor students and fifty percent of other students will agree to work in health resource shortage areas after becoming licensed.
- The increase of expenditures from the Tennessee Rural Health Scholarship Fund is estimated to be \$9,046,400 $[(353 \times \$19,400 \times 30\%) + (160 \times \$30,100 \times 50\%) + (25 \times \$18,800 \times 50\%) + (1,024 \times \$8,494 \times 50\%) = \$9,046,388]$ in FY09-10.
- Two percent increase in the number of new students during the second year (FY10-11).
- Eighty percent retention rate for first year students.
- The increase of expenditures from the Tennessee Rural Health Scholarship Fund is estimated to be \$16,464,500 $[(\$9,046,400 \times 102\%) + (\$9,046,400 \times 80\%) = \$16,464,448]$ in FY10-11.
- It is expected that expenditures to TSAC will increase as a result of implementing and administering the program during FY08-09. Such increased expenditures are estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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